



## GRIFFIN MINING LIMITED

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**23<sup>rd</sup> July 2020**

### **UNAUDITED INTERIM RESULTS for the six months ended 30<sup>th</sup> June 2020**

Griffin Mining Limited (“Griffin” or “the Company”) has today released its unaudited results for the six months ended 30<sup>th</sup> June 2020.

#### **Highlights:**

- Revenues of \$21.3 million (30<sup>th</sup> June 2019 - \$38.6 million)
- Gross Profit of \$4.2 million (30<sup>th</sup> June 2019 – \$15.9 million)
- Profit (Loss) before tax of (\$3.0 million) (30<sup>th</sup> June 2019 – Profit \$6.3 million)
- Profit (Loss) after tax of (\$3.8 million) (30<sup>th</sup> June 2019 - Profit \$4.1 million)
- Profit (Loss) per share of (2.22 cents) (30<sup>th</sup> June 2019 – Basic earnings per share 2.36 cents)

#### **Financial and Trading:**

The first six months of 2020 were impacted by the suspension in operations at Caijiaying imposed by the Chinese authorities for a month in late January / February and subsequent travel restrictions with consequent difficulties in returning mining personnel to Caijiaying resulting in reduced stoping and delayed development work. Tonnes mined were down 23.4% in the first six months of 2020 compared with that achieved in the first six months of 2019 with a knock on effect on ore hauled and processed, with tonnes of ore processed down 25.2% on that achieved in the first six months of 2019. Profitability was further impacted by lower zinc prices received which were 18.0% less than that realised in the first six months of 2019. As a result of the foregoing, zinc metal in concentrate sales were down \$10,151,000 on that recorded in the first six months of 2019 directly impacting profits. Gold production was also impacted by the suspension in operations and delays in accessing higher grade gold ore bodies.

In the six months to 30<sup>th</sup> June 2020, 323,536 tonnes (30<sup>th</sup> June 2019 – 432,592 tonnes) of ore were processed to produce:

- 13,448 tonnes of zinc (30<sup>th</sup> June 2019 - 16,692 tonnes);
- 631 tonnes of lead (30<sup>th</sup> June 2019 - 494 tonnes);
- 110,832 ounces of silver (30<sup>th</sup> June 2019 – 141,306 ounces); and
- 2,418 ounces of gold (30<sup>th</sup> June 2019 – 9,099 ounces).

Zinc revenues before royalties and resource taxes in the six months to 30<sup>th</sup> June 2020 were \$17,008,000 (30<sup>th</sup> June 2019 - \$27,159,000) with 13,046 tonnes of zinc metal in concentrate sold (30<sup>th</sup> June 2019 – 17,072 tonnes). Lead and precious metals revenues were \$5,279,000 (30<sup>th</sup> June 2019 - \$13,036,000) with less gold in concentrate sold.

During the six months to 30<sup>th</sup> June 2020:

- 314,690 tonnes of ore were mined (30<sup>th</sup> June 2019 – 410,819 tonnes);
- 321,514 tonnes of ore were hauled (30<sup>th</sup> June 2019 – 426,070 tonnes); and
- 323,536 tonnes of ore were processed (30<sup>th</sup> June 2019 – 432,592 tonnes).

Costs of sales (mining, haulage and processing costs) of \$17,153,000 in the first six months of 2020 were down 24.3% on that incurred in the six months to 30<sup>th</sup> June 2019 of \$23,336,000. This reflects reduced activity during the suspension in operations and subsequent travel restrictions imposed by the Chinese authorities, together with consequent cost control by management.

Net operating expenses (including those of the Caijiaying site) fell 27.6% from \$9,955,000 in the first six months of 2019 to \$7,204,000 in 2020. This includes fees to the Group's Chinese partners of \$831,000 (2019 \$1,820,000), equivalent to their minimum equity interest in Hebei Hua Ao's profits. Again the reduction in other operating expenses reflects reduced activity and cost control by management.

Losses per share were 2.22 cents (30<sup>th</sup> June 2019: Basic earnings 2.36 cents). At 30<sup>th</sup> June 2020, attributable net assets per share amounted to 121 cents (30<sup>th</sup> June 2019: 124 cents).

Cash flows from operations in the period have been directed at paying down outstanding creditors and further development of the Caijiaying Mine.

## **Chairman's Statement**

Chairman Mladen Ninkov commented, "On first glance, the first 6 month's results seem disappointing but a closer inspection reveals a solid result in the face of the COVID-19 shutdown in operations, the subsequent restrictions imposed by all relevant governments on travel to and from China and the continuing low zinc prices and higher treatment charges. All of these issues resulted in, most importantly, reduced tonnes mined meaning less metal produced, particularly gold. A slow first half of any year is not unusual for Griffin and we expect a stronger and more robust performance in the second half of 2020 as we return to a normal operating environment. It is superfluous to add, we eagerly await the issue of our new mining licence."

## **Further information**

### **GRIFFIN MINING LIMITED**

Mladen Ninkov – Chairman  
Roger Goodwin – Finance Director

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### **NUMIS SECURITIES LIMITED**

Paul Gillam

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This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014

Griffin Mining Limited's shares are quoted on the Alternative Investment Market (AIM) of the London Stock Exchange (symbol GFM).

The Company's news releases are available on the Company's web site: [www.griffinmining.com](http://www.griffinmining.com)

**GRIFFIN MINING LIMITED**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**(expressed in thousands US dollars)**

	<b>6 months to 30/06/2020 Unaudited \$000</b>	6 months to 30/06/2019 Unaudited \$000	Year to 31/12/2019 Audited \$000
<b>Revenue</b>	<b>21,321</b>	38,619	82,267
Cost of sales	<b>(17,153)</b>	(22,671)	(48,609)
<b>Gross profit</b>	<b>4,168</b>	15,948	33,568
Net operating expenses	<b>(7,204)</b>	(9,955)	(19,433)
<b>(Loss) / profit from operations</b>	<b>(3,036)</b>	5,993	14,225
Losses on disposal of equipment	<b>(614)</b>	(59)	(305)
Impairment of intangible fixed assets	<b>(1)</b>	-	(1,985)
Foreign exchange (losses) / gains	<b>(147)</b>	(4)	(93)
Finance income	<b>45</b>	82	171
Finance costs	<b>(149)</b>	(122)	(377)
Other income	<b>76</b>	386	76
<b>(Loss) / profit before tax</b>	<b>(3,826)</b>	6,276	11,712
<b>Income tax expense</b>	<b>-</b>	(2,202)	(5,628)
<b>(Loss) / profit after tax</b>	<b>(3,826)</b>	4,074	6,084
<b>(Loss) / basic earnings per share (cents)</b>	<b>(2.22)</b>	2.36	3.52
<b>(Loss) / diluted earnings per share (cents)</b>	<b>(2.22)</b>	2.17	3.24

**GRIFFIN MINING LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**(expressed in thousands US dollars)**

	<b>6 months to 30/06/2020 Unaudited \$000</b>	6 months to 30/06/2019 Unaudited \$000	Year to 31/12/2019 Audited \$000
<b>(Loss) / profit for the financial period</b>	<u><b>(3,826)</b></u>	<u>4,074</u>	<u>6,084</u>
<b>Other comprehensive income</b>			
Prior period adjustment (note 6)	-	(33)	-
Exchange differences on translating foreign operations	<b>(1,891)</b>	(297)	(2,324)
	<u><b>(1,891)</b></u>	<u>(330)</u>	<u>(2,324)</u>
<b>Other comprehensive income for the period, net of tax</b>	<u><b>(1,891)</b></u>	<u>(330)</u>	<u>(2,324)</u>
<b>Total comprehensive (losses) / income for the period</b>	<u><b>(5,717)</b></u>	<u>3,744</u>	<u>3,760</u>

**GRIFFIN MINING LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(expressed in thousands US dollars)

	<b>30/06/2020</b>	30/06/2019	31/12/2019
	<b>Unaudited</b>	Unaudited	Audited
	<b>\$000</b>	\$000	\$000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	225,898	219,937	228,287
Intangible assets – exploration interests	325	2,021	322
	<u>226,223</u>	<u>221,958</u>	<u>228,609</u>
<b>Current assets</b>			
Inventories	3,896	3,793	3,839
Receivables and other current assets	2,275	3,959	1,861
Cash and cash equivalents	10,351	19,293	19,885
	<u>16,522</u>	<u>27,045</u>	<u>25,585</u>
<b>Total assets</b>	<u>242,745</u>	<u>249,003</u>	<u>254,194</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	1,728	1,727	1,728
Share premium	68,455	68,442	68,455
Contributing surplus	3,690	3,690	3,690
Share based payments	2,072	2,072	2,072
Shares held in treasury	(917)	(917)	(917)
Chinese statutory re-investment reserve	2,463	2,382	2,500
Other reserve on acquisition of non-controlling interests	(29,346)	(29,346)	(29,346)
Foreign exchange reserve	(151)	3,734	1,703
Profit and loss reserve	161,233	163,202	165,059
<b>Total equity attributable to equity holders of the parent</b>	<u>209,227</u>	<u>214,986</u>	<u>214,944</u>
<b>Non-current liabilities</b>			
Long-term provisions	3,802	2,182	2,150
Deferred taxation	2,691	2,389	2,731
Finance leases	-	413	479
	<u>6,493</u>	<u>4,984</u>	<u>5,360</u>
<b>Current liabilities</b>			
Trade and other payables	25,311	28,469	31,769
Finance leases	1,714	564	2,121
<b>Total liabilities</b>	<u>27,025</u>	<u>29,033</u>	<u>33,890</u>
<b>Total equities and liabilities</b>	<u>242,745</u>	<u>249,003</u>	<u>254,194</u>
Number of shares in issue	172,786,228	172,748,728	172,786,228
<b>Attributable net asset value / total equity per share</b>	<b>\$1.21</b>	\$1.24	\$1.24

**GRIFFIN MINING LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
(expressed in thousands US dollars)

	Share Capital	Share Premium	Contributing surplus	Share based payments	Shares held in treasury	Chinese re investment reserve	Other reserve on acquisition of non-controlling interests	Foreign exchange reserve	Profit and loss reserve	Total attributable to equity holders of parent
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>At 31<sup>st</sup> December 2018</b>	<b>1,727</b>	<b>68,442</b>	<b>3,690</b>	<b>2,072</b>	<b>(917)</b>	<b>2,386</b>	<b>(29,346)</b>	<b>4,027</b>	<b>159,161</b>	<b>211,242</b>
Retained profit for the 6 months	-	-	-	-	-	-	-	-	4,074	4,074
Prior period adjustment									(33)	(33)
<i>Other comprehensive income:</i>										
Exchange differences on translating foreign operations	-	-	-	-	-	(4)	-	(293)	-	(297)
Total comprehensive income for the period	-	-	-	-	-	(4)	-	(293)	4,041	3,744
<b>At 30<sup>th</sup> June 2019 (Unaudited)</b>	<b>1,727</b>	<b>68,442</b>	<b>3,690</b>	<b>2,072</b>	<b>(917)</b>	<b>2,382</b>	<b>(29,346)</b>	<b>3,734</b>	<b>163,202</b>	<b>214,986</b>
Regulatory transfer for future investment	-	-	-	-	-	153	-	-	(153)	-
Issue of shares on exercise of options	1	13	-	-	-	-	-	-	-	14
Transaction with owners	1	13	-	-	-	153	-	-	(153)	14
Retained profit for the 6 months	-	-	-	-	-	-	-	-	2,010	2,010
<i>Other comprehensive income:</i>										
Exchange differences on translating foreign operations	-	-	-	-	-	(35)	-	(2,031)	-	(2,066)
Total comprehensive income for the period	-	-	-	-	-	(35)	-	(2,031)	2,010	(56)
<b>At 31<sup>st</sup> December 2019</b>	<b>1,728</b>	<b>68,455</b>	<b>3,690</b>	<b>2,072</b>	<b>(917)</b>	<b>2,500</b>	<b>(29,346)</b>	<b>1,703</b>	<b>165,059</b>	<b>214,944</b>
Retained loss for the 6 months	-	-	-	-	-	-	-	-	(3,826)	(3,826)
<i>Other comprehensive income:</i>										
Exchange differences on translating foreign operations	-	-	-	-	-	(37)	-	(1,854)	-	(1,891)
Total comprehensive income for the period	-	-	-	-	-	(37)	-	(1,854)	(3,826)	(5,717)
<b>At 30<sup>th</sup> June 2020 (Unaudited)</b>	<b>1,728</b>	<b>68,455</b>	<b>3,690</b>	<b>2,072</b>	<b>(917)</b>	<b>2,463</b>	<b>(29,346)</b>	<b>(151)</b>	<b>161,233</b>	<b>209,227</b>

**GRIFFIN MINING LIMITED**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
(expressed in thousands US dollars)

	<b>6 months to 30/06/20+20 Unaudited \$000</b>	6 months to 30/06/2019 Unaudited \$000	Year to 31/12/2019 Audited \$000
<b>Net cash flows from operating activities</b>			
(Loss) / profit before taxation	<b>(3,826)</b>	6,276	11,712
Foreign exchange losses / (gains)	<b>147</b>	4	93
Finance income	<b>(45)</b>	(82)	(171)
Finance costs	<b>149</b>	122	377
Depreciation, depletion and amortisation	<b>5,518</b>	5,000	12,343
Impairment of intangible assets	<b>1</b>	-	1,985
Losses on disposal of equipment	<b>614</b>	59	305
(Increase) / decrease in inventories	<b>(57)</b>	1,157	1,112
(Increase) / decrease in receivables and other current assets	<b>(414)</b>	(1,140)	959
Increase / (decrease) in trade and other payables	<b>(2,762)</b>	2,032	4,016
Taxation paid	<b>(3,584)</b>	(9,469)	(11,092)
<b>Net cash inflow from operating activities</b>	<b>(4,259)</b>	3,959	21,639
<b>Cash flows from investing activities</b>			
Interest received	<b>45</b>	82	171
Proceeds / (expenses) on disposal of equipment	<b>(34)</b>	-	1
Payments to acquire - mineral interests (mine development)	<b>(3,379)</b>	(10,318)	(18,883)
Payments to acquire - plant & equipment	<b>(984)</b>	(1,519)	(8,193)
Payments to acquire – office equipment	<b>(4)</b>	-	(69)
Payments to acquire – intangible assets – exploration interests	<b>(3)</b>	(8)	(308)
<b>Net cash (outflow) from investing activities</b>	<b>(4,359)</b>	(11,763)	(27,281)
<b>Cash flows from financing activities</b>			
Issue of shares on exercise of share purchase options	-	-	14
Interest paid	-	(52)	(52)
Finance lease advance	-	-	65
Finance lease repayments	<b>(929)</b>	(1,304)	(2,762)
<b>Net cash (outflow) from financing activities</b>	<b>(929)</b>	(1,356)	(2,735)
<b>(Decrease) / increase in cash and cash equivalents</b>	<b>(9,547)</b>	(9,160)	(8,377)
<b>Cash and cash equivalents at beginning of the period</b>	<b>19,885</b>	28,452	28,452
Effects of exchange rate changes	<b>13</b>	1	(190)
<b>Cash and cash equivalents at end of the period</b>	<b>10,351</b>	19,293	19,885
<b>Cash and cash equivalents comprise bank deposits</b>			
Bank deposits	<b>10,351</b>	19,293	18,885

**GRIFFIN MINING LIMITED**  
**NOTES TO THE INTERIM STATEMENT**

1. These unaudited condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31<sup>st</sup> December 2019.
2. This interim report will be available on the Company's web site, [www.griffinmining.com](http://www.griffinmining.com). Hard copies are available from the Company's London office, 8<sup>th</sup> Floor, Royal Trust House, 54 Jermyn Street, London. SW1Y 6LX.
3. The summary accounts set out above do not constitute statutory accounts as defined by Section 84 of the Bermuda Companies Act 1981 or Section 434 of the UK Companies Act 2006. The condensed consolidated statement of financial position at 31<sup>st</sup> December 2019 and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the year then ended have been extracted from the Group's 2019 statutory financial statements upon which the auditors' opinion is unqualified.
4. As detailed in the last annual financial statements for the year to 31<sup>st</sup> December 2019, the summary accounts have been prepared on a going concern basis. Having considered recent events, in particular the impact of Covid-19, the cash resources, banking facilities and forecasts regularly prepared, the directors do not expect any going concern issues to arise.
5. The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. The calculation of diluted earnings per share is based on the basic earnings per share on the assumed conversion of all dilutive options and other dilutive potential ordinary shares. There was no dilutive effect on the losses per share in the six months to 30<sup>th</sup> June 2020. Reconciliation of the earnings and weighted average number of shares used in the calculations are set out below:

	<b>6 months to 30/06/2019 Unaudited</b>			<b>6 months to 30/06/2018 Unaudited</b>			<b>Year to 31/12/2018 Audited</b>		
	<b>Earnings \$000</b>	<b>Weighted average number of shares</b>	<b>Per share amount (cents)</b>	<b>Earnings \$000</b>	<b>Weighted average number of shares</b>	<b>Per share amount (cents)</b>	<b>Earnings \$000</b>	<b>Weighted average number of shares</b>	<b>Per share amount (cents)</b>
<b>Basic (loss) / earnings per share</b>									
(Loss) earnings attributable to ordinary shareholders	3,826	172,728,728	(2.22)	4,074	172,748,728	2.36	6,084	172,748,831	3.52
<b>Dilutive effect of securities</b>									
Options				-	14,823,528	(0.19)		15,107,500	(0.28)
<b>Diluted earnings per share</b>				4,074	187,572,256	2.17	6,084	187,856,331	3.24